



## Coast Guard Flag Voice 21

### BASIC ALLOWANCE FOR HOUSING IMPLEMENTATION

Week before last, I received a highly encouraging briefing from the DOD team on their progress towards establishing and implementing the new Basic Allowance for Housing (BAH) program over a four-year phase-in period. This Flag Voice will pass on the highlights to help you understand this initiative as it comes on line 1 January 1999. I expect the tables will be published mid January.

In Flag Voice 12, I stated this initiative's primary goals are to make the system more equitable across pay grades and more in line with actual rental costs for "adequate" housing. On the equity side, the goal is to have members in each pay grade pay approximately the same "out of pocket" costs for adequate housing regardless of where they are assigned. Currently, those living in high-cost areas (many of our people) are at a distinct disadvantage. On the cost side, a comprehensive survey process is ascertaining what rental costs civilians with comparable income are paying. The survey will be repeated annually to track the costs and update the rates as necessary. This is a vast improvement over the annual self-reporting survey, which underreported actual housing costs. Lastly, I said the Leased Housing Program would be our safety net if adequate housing (Government-owned or rental) was not available to our members within the established guidelines.

Some important implementation specifics:

A two-tiered survey process captures cost data in a manner designed to avoid questionable areas. Quality control factors include: relying on communities where members currently reside, common sense, fair market rents, data used for corporate relocations, and on-site visits to verify adequacy and cost.

For those not moving this year, based on this new process you will see either no change to your BAH or a slight increase if you happen to live in a higher-cost area.

The phased-in increase will commence 1 January. The annual increases will not be linear because they have to cover the costs of grandfathering those in areas with reductions. That means the first year's increases will be only 16%.

Those currently living in an area with a lower rate will not experience reduced allowances unless their family status (from with to without dependents, for instance) and/or paygrade (reduction) changes. Those promoted will receive the higher of either their current rate or the new rate for the higher paygrade.

Those transferring this year to a new area with a lower rate will receive the lower rate; however, the

floor for a rate reduction in any area for the first year will be \$100 (not a likely outcome for where many of our people are stationed).

Most areas where we have people will experience either a gain or modest reduction.

Our Coast Guard compensation staff worked closely with their DOD counterparts, and one of their main tasks was to ensure the Military Housing Areas (MHAs) and other models for grouping similar cost areas together meaningfully captured all the locations where our people are assigned. We made encouraging progress. We are reviewing the proposed rates looking for any anomalies. As with any new program, we expect a few bumps in the road to full implementation. We're interested in your feedback and can run down the survey data and rationale for any location.

The project is a little behind, so the 15 January payroll may not reflect the changes, but we are confident the end-of-the-month payroll will unless we experience unforeseen technical problems.

Again, our leased housing program will be there as the safety net as needed. My staff reviewed the FY '99 Leased Housing Program budget estimates in light of what they know now after reviewing the proposed BAH rates, and they are confident the program is in good health.

I am sure there will be lots of discussion once the rates are out and there will always be those who don't agree on the criteria for determining adequacy, particularly those who stand to lose access to leased housing and/or move to an area experiencing a reduced rate. On balance, however, I firmly believe this will be an overall improvement, particularly at the end of the four-year transition period, and a benefit to Coast Guard members and their families. Please let us know, via your Area Housing Office, if unexpected problems arise or you have further questions. My POC is CDR John Byczek at (202) 267-1646.

Have a safe and healthy New Year!

Regards, FL Ames

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